

JPRS 78665

4 August 1981

Korean Affairs Report

No. 150



FOREIGN BROADCAST INFORMATION SERVICE

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INTER-KOREAN AFFAIRS

DIPLOMATIC CONFRONTATION BETWEEN NORTH, SOUTH KOREA DISCUSSED

Seoul TONGA ILBO in Korean 1 Jul 81 p 9

[Article by Reporter YI Nak-yon]

[Text]

Korean diplomats often like to get assignments to the U.S., England, Taiwan, and New Zealand, for various reasons. One major reason is that the possibility is slim for north Korea's diplomatic infiltration in those countries. Some other diplomatic officials jokingly say, however, that they rather feel easy and like serving in a country in which both north and south Korea have their own missions. In spite of a lot of tensions and cautiousness absolutely required in such a diplomatic mission, they are immune "to any blame for an obvious diplomatic blunder."

Diplomacy is just like constant war, particularly between north and south Korea. Some say that "the Korean diplomacy is conducted with north Korea kept in mind, 80 percent of the time; and north Korea's diplomacy is aimed against south Korea for almost 100 percent."

In June this year, Korea had a total of 118 permanently stationed overseas missions (79 embassies) and north Korea, 90 (74 embassies). Both Korea and north Korea permanently stationed embassies even in a small country with a population of 500,000 and even in a poor country with a per capita income amounting to somewhere around \$200 a year.

Permanent missions are opened when there are active trade relations between the parties or when the possibility for expanding trade is bright. They are also established as necessary channels for the frequent exchanges of political and diplomatic views. The U.S., France, and Japan fall into this category and have more than 150 permanently stationed overseas missions each.

But this is not necessarily the case in Korea, particularly in the event of north Korea. "Had there been no diplomatic confrontation between the two divided parts of the Korean peninsula, the number of our permanent missions might be unnecessary," a diplomatic administration chief said.

In the case of Korea, the nation has quite a few permanent missions established chiefly because of its "outward-bound economy." North Korea's economic ties with other countries are insignificant. In view of such, the reason for its maintaining so many diplomatic missions overseas becomes even more obvious. One of the north Korean diplomatic goals is "to undermine Korea's international position, win overseas support for north Korea's scheme for unification, and pursue revolutions for Communization."

Comparing the numbers of countries with which north and south Korea maintain diplomatic relations, Korea had 116 against 101 by north Korea. Korea is superior to north Korea with 15 more countries with diplomatic ties established. But this did not happen long ago.

In 1950, the year in which the Korean war occurred, south Korea had six nations with which diplomatic ties were established, whereas north Korea had already 12. North Korea had begun to establish ties with Eastern European countries since the division of the national land.

This ratio has been reversed toward the end of 1960, with 16 nations by south Korea and 15 by north Korea. In 1973, when the June 23rd announcement was issued by Seoul on the diplomatic policy, Korea had diplomatic relations with 84 nations, whereas north Korea had 55. That declaration, however, led many countries, who had diplomatic ties with Seoul but not with P'yongyang by that time, to have ties with north Korea. At the end of the same year, the ratio turned to 89 to 65.

In 1975, when Indochina fell to the Communist hands, Korea had diplomatic ties established with 90 countries and north Korea with 88, reducing the margin to two. The 30th U.N. General Assembly session held in that year passed the two Korea bills -- one proposed by the West and the other by the Communist bloc. The year of 1975 was unforgettable for Korea's diplomacy. The year taught us a lesson on what "diplomatic relations" really mean in our foreign relations.

Around that time, the government began pushing vigorously ahead with its plan to intensify diplomatic advance toward neutral countries. The current superior diplomatic position over north Korea owes much to that effort. North Korea, however, has continued to make desperate efforts to recover from this diplomatic inferiority.

Of late, north Korea has come to intensify its infiltrations into Central and South America, and Korea to

make inroads into the Middle East and Africa. Last year, Seoul has established diplomatic relations with Nigeria and Libya, both of which had ties only with north Korea in the past. North Korea, on the other hand, established ties with Mexico, which had diplomatic relations with Seoul in the past.

Toward the end of March, the P'yongyang radio reported that KIM Il-song decided to provide 7,000 tons of corn in aid to Tanzania, before the scheduled visit to P'yongyang by President NYERERE. On June 7, just four days before the visit to Tanzania by north Korea's Premier YI Chong-ok, north Korea delivered 7,000 tons of corn in bulk.

The quantity of corn accounts for 0.3 percent of north Korea's total corn production of 2,460,000 tons. The quantity is enough to feed 50,000 north Koreans a year. This grant aid given by north Korea is certainly noteworthy. The aid amounting to over \$1 million, including ocean freight charges, was unmistakably a "reckless bloodletting" attempt.

Following his visit to Tanzania for five days from June 11, YI has also visited Zimbabwe and Madagascar. On that same day, north Korean Vice President PAK Song-ch'ol began to visit Guinea and Togo.

Such trips by ranking north Korean officials "to intensify the nonaligned bloc movement" may probably be aimed at recovering from the north Korean defeat suffered at the New Delhi nonaligned bloc nations conference last February. The next meeting of the nonaligned nations is scheduled to be held in Baghdad in September next year in 1982.

Earlier, from June 2 to 10, north Korea had sent Deputy Premier KYE Ung-t'ae to Indonesia and Malaysia. KYE attempted to visit Thailand and Singapore as well, but was rejected for reasons that "the itinerary was unsuitable." It seems that the north Korean attempt was intended to cut down diplomatic achievements to be brought by the ASEAN tour of President CHUN Doo-hwan in advance. Here again appears diplomatic contest between north and south Korea.

Nothing has been disclosed yet about how much north Korea spends on its diplomatic activities. But they are doing something reckless budget wise. This is apparent in its corn aid to Tanzania. At one point, north Korea promised Sudan, with which P'yongyang maintained diplomatic ties in the early 1970's, to construct and dedicate a "people's hall," but this promise turned out to be an empty

one. Then Sudan became pro-Seoul and established diplomatic ties with Korea in 1977.

The north Korean embassy in Guinea, a north Korean diplomatic strong point in West Africa, is famous for its location and building size. The embassy building is just faced with President Sekou TOURE's mansion, across the fence. It is a three-story building of a Guinean primary school size.

Moreover, north Korea has more diplomats stationed there than south Korea. This is a common feature that can be seen elsewhere among the 42 overseas missions confronting with north Korean missions. For instance, the Korean Mission in Geneva has 11 diplomatic staff members, while north Korea's has 15.

In the past, Korea has remained rather passive in diplomatic confrontation with north Korea. Only recently, the nation came to advocate diplomatic initiatives gaining supremacy over north Korea. Considering that diplomacy "is a war to prevent real war," this effort for diplomatic supremacy over north Korea might be somewhat belated. At any rate, the question is how long this "diplomatic competition," bred by the division of land, will go on. Answers to this question can only be theoretical at this moment.

It is often said that the following conditions have to be met in order to end the north-south Korean diplomatic confrontation. First, like in the case of East and West Germany, there should be a difference in national strength, including economic and military powers, of more than eight times. Second, both north and south Korea should all be admitted into the U.N. and have more than 80 countries each maintaining diplomatic ties simultaneously.

In terms of economic strength, Korea's is 4.9 times (at GNP of 1979) north Korea's. But in terms of military power, north and south Korea are either well comparable to each other or the north is a little superior over the south. The number of countries in which both north and south Korea have diplomatic missions established reached 64 as of June this year. Against this backdrop, some optimists say that the current diplomatic contest between north and south Korea will come to its end around the 1990's.

According to joint communiques issued after the summits between President CHUN and ASEAN leaders, the governments of those nations have declared their support in

the simultaneous admission into the U.N. of north and south Korea. This is one aspect worthy of our special note.

Certainly, such plans seem to be a realistic method for putting an end to the various non-productive competitions between north and south Korea. In this respect, it is considered desirable for north Korea to discard its past doctrinarian position and affirmatively review such plans, for the sake of the future of Korean people as a whole.

CSO: 4108/134

S. KOREA/POLITICS AND GOVERNMENT

MINISTER OF LABOR COMMENTS ON LABOR ADMINISTRATION

Seoul SHINDONGA in Korean Jul 81 pp 180-191

[Interview with Minister of Labor Kwon Chung-tong by Tonga Ilbo Editorial Staff Min Pyong-mun; Date and Place not Specified]

[Text] Changing Labor Administration

Our labor administration is showing considerable change from the end of last year which was a turning point. It is only natural that the government, which designated the 1980's as a decade of building a welfare society, should first of all be trying to keep up with the current of the times, amending existing laws and enacting a new one governing labor relations.

Toward the end of last year the government amended four laws--the Labor Standard Law setting forth basic working conditions, and the Labor Union Law, the Labor Dispute Reconciliation Law, and the Labor Committee Law governing management of labor-management relations--and enacted anew the Labor-Management Consultation Council Law.

It is a basic intention to achieve the construction of a welfare society, catching the two birds of growth and distribution through a rational solution to the workers problems, on the one hand, and dissolving the dissatisfaction of the strata relatively neglected in the 1970's, a decade of high growth.

It is also indicative of the intention to solve through dialogue the problems with which both management and labor are familiar, changing the views on labor-management relations from "adversary relations" to "cooperative relations of the parties concerned."

There is nothing more unfortunate than long continuing relations mutually inconvenient to labor and management alike on account of the "adversary" relations. It is the wish of all concerned that such adversary relations should be avoided because they wear out both parties concerned, yet do not bring a settlement any closer.

But, desirable as it is, if the change stops at leaving the matter up to the cooperative relations of the parties concerned, without a definite commitment to their subsequent relations or if the commitment is vague if there is one, then the change is not something to be welcomed either.

Labor experts often point out the disadvantages to the workers in the recently amended or newly enacted laws governing labor relations such as the extension of the life of a collective agreement from 1 year to 3 years thus widening the time frame of prohibition of labor disputes and the explicit prohibition of disputes away from their work place.

In the final analysis, such things must be complemented in the course of administering the laws. Many people recognize that our country's realities are not in a position to tolerate labor laws which match the standards of advanced countries or, in a sense, are too idealistic. There are instances from time to time that laws incompatible with realities rather pave the road to disputes.

But too much emphasis on "Korean peculiarities" could easily result in the workers suffering a loss. It goes without saying that the government should filter out and reconcile such points in executing and administering the laws.

In 1848 J. S. Mill argued that an industrial peace by labor-management cooperation would in the end nurture the source of wealth and increase the industrialists' profits and workers' wages alike.

When today's Britain, which considered itself at one time as the "factory of the world" waging the industrial revolution, and today's realities of Japan, not quite a hundred years old in modernization, are compared, Mill's argument is convincing. The yearly springtime struggle notwithstanding, Japan's labor-management cooperation is something from which Western Europe's enterprises are trying to learn. This is an effort to find the key to production improvement in labor-management cooperation.

The Office of Labor was elevated to the Ministry of Labor last April. This means an increased interest in and the relative importance of labor administration which necessitated the elevation. The writer has interviewed Minister of Labor Kwon Chung-tong who has taken charge of labor administration as it is set to undergo change.

The Significance of Elevation to the Ministry of Labor

[Question] It seems a matter for the entire people, let alone the 10 million workers, to rejoice that the Office of Labor has been elevated to the Ministry of Labor. The Ministry of Labor has set sail on presidential orders to protect the rights and interests of the workers. Whether the ministry can achieve these objectives, whether it can live up to the expectations--this will involve a lot of responsibility and strenuous efforts on your part as the first minister of labor. Shall we start with your thoughts on assuming the office?

[Answer] Yes, I have been involved in labor relations for more than 20 years, and I think the elevation of the Office of Labor to the Ministry of Labor is a matter of great significance, a welcome and joyous thing. I feel my shoulders are heavy with the responsibility for living up to the great expectations of the people, as you have just pointed out, when I stop to think how much of the responsibility I will really be able to discharge. I think the question of living up to the expectations of the people cannot be solved by words but by action and practice to show actual results before the people. If one indulges in talks ahead of action

and fails to deliver, then there will be disappointment as a reflex and the people will not trust the government. So it is my intention to do my best work in so far as possible and to do it with deliberate speed as the order of priorities dictates.

[Question] At the end of last year labor-related laws such as the Labor Standard Law were amended and the Labor-Management Consultation Council Law was newly enacted. But there seems to be a question as to how much the amended laws have been reoriented, in practical terms, in the direction of protecting the rights and interests of the workers and of satisfactorily conducting labor-management administration. Of course it is understood, generally speaking, that the amendment was intended better to serve the purposes with our countries' peculiarities taken into consideration, but it seems there are many people who are skeptical because the requisites for forming a labor union have been made more stringent than before and the right to dispute seems similarly affected. To put it another way, people seem to be skeptical because in matters of form, the extent has been widened but in content, weakened compared with before.

What is Behind the Deletion of the Union Shop System

[Answer] All told, five laws were amended or newly enacted last year. One was newly enacted and four were amended. I have my own views, thoughts, and sense of responsibility about them. Our country's labor law was enacted in 1952. But it was not one that was drawn up on our own but one brought in from outside. And, rather than adapting and settling this law as one of the social systems, it was administered by political expediency or by the situation changing from time to time. It is a fact that even though there was a desire to take legislative action for amendments to suit our specific conditions, out of fear of stirring up controversies or political questions no action had ever been taken. Although we did take action last year, the main structure remains intact. If there is anything different from previous laws, it is certain reservations which were made on the so-called right to action under the Constitution passed last year in the name of our people. Regarding joining a labor union, the amendment has deleted the union shop system, a mandatory provision recognizing the signing of a collective agreement which makes it a condition for employment for a worker to join a specific labor union even if it is against his free will. In the past, it is my thinking that our country in a sense may have taken political advantage of the union shop system in the name of protecting the so-called right to organize a labor union. The union shop system has many good points but on the other hand, many workers have been sacrificed by this system. On this account, there were also instances of side effects on the unions from time to time. So it was that this system was deleted from the thinking that our workers, based on their own needs, their pursuit of value, and various demands of the times, should join a union on their own. In the Labor Standard Law, too, several amendments were made, and the standard has been considerably raised compared with before. For instance, in matters such as the advancement of the credit order of priority for wages and complementing of the system for leave compensation, ours is far more advanced than Japan's law. It is my view that it now depends on the attitude of the government administering this law and the understanding of the workers.

[Question] Of the credit order of priorities you have just mentioned, you say it represents a considerable advancement that wages take precedence over taxes. But some time ago there was a case that the Taegu District Tax Office asked the

Ministry of Finance if the wages owed by a bankrupt enterprise would take precedence over the taxes owed by the bankrupt enterprise. The answer of the Ministry of Finance was in the negative. The principle notwithstanding, it would appear that if there were other priority credits or mortgages, it would be an exception to the principle. So, no matter how well written the Labor Standard Law is, unless the workers actually enjoy the benefits under the law, one could not help wondering about the efficacy of the law.

[Answer] The Taegu case has been resolved. There was a similar case subsequently, but the workers received the protection provided by the law.

What Is Important Is Limiting Matters to the Parties Concerned

[Question] In the final analysis, what you mean is the flow of the Labor Standard Law has improved, but there is another point that should be pointed out, and that is the question of working hours. It is said that the provision for making it possible to extend working hours per day within the limit of 48 working hours per week seems more flexible than before, but I think it is well worth paying attention to the NINON KEIZAI SHIMBUN editorial of last February which supported the abolition of the law providing exceptions for working hours. Under the law providing exceptions for working hours in force I believe since 1947 up to this day, tertiary businesses, that is, service businesses such as beauty salons, barberships, and restaurants can have workers work more than 8 hours a day. But on the principle that it is not right to have the employees of tertiary businesses work long hours under the law providing exceptions for working hours, this newspaper supported the abolition of the law. At a time when even in countries like Japan great concern is shown about overtime work, there is apprehension that although the line has been drawn for the maximum weekly working hours in our country, this will be used to often as an excuse to make workers work too many hours.

[Answers] We do not think so. It should never be used as an excuse at any time for ulterior motives against the protection of workers. For example, there could be instances where a full day's wage is demanded for only 2 hours worked, and on the other hand, there could be instances where it is demanded that a day when 10 hours are worked, be considered as an 8-hour day. Therefore, the basic working hours have been decided as 8 hours. There arises this question: In the case of an export business, when it has received large orders, there is a lot of work to be done, but does it have to pay just the same when there is no work to be done? Essentially, there are different kinds of pay such as hourly wages and fixed monthly salaries. The same as in foreign countries, labor-management disputes arise from time to time over this absence of rationality.

[Question] To take a look at the main points of the new Labor-Management Consultation Council Law, it seems to be the intention of the law to get the parties concerned to settle matters face to face, in other words, to get a company president or a responsible manager and a labor union representative to talk face to face and reach some kind of conclusion. Now, as a hypothetical case, let us take up the labor unions of financial institutions. Cadres of the labor union are usually acting chiefs of departments of the financial institution or below the rank of acting chief. It should be only natural if these people aspired to leave their union at some future date and become a deputy chief of a department, then

chief, and eventually a director of the board. True, they are still cadres of the labor union, but when they sit down at the same table face to face with the president of the institution, would it not be difficult as a matter of fact to ask confidently: "Please give a big raise to the salary of the president?" The intention of the law is good, but if it is difficult to realize it in practical operations, there should be some kind of complementary measures.

[Answers] An important thing that should not be forgotten in the labor-management system is the question of the parties concerned. Should the principle of limiting matters to the parties concerned be repudiated, the problem will become a far more different one. As long as our country maintains the political system abiding by capitalism and liberalism, it is my view that the principle of limiting matters to the parties concerned should not be forgotten and the principle should be fostered, in the process. If the principle of limiting matters to the parties concerned is put aside until a later date and the intervention of a third party and of the government is permitted, the problem will become a different one. In which event the parties concerned will become weak and will be incapable of settling even a small problem. But, as mentioned earlier, under the principle of limiting matters to the parties concerned, between the strong and weak, between the haves and have-nots, there will be many instances where the latter will be at a disadvantage. Even so, suppose the principle of limiting matters to the parties concerned was put aside and matters have been settled by the government intervention by authority or by the intervention of a third party, it has been my view that this will be rather a retreat from a long-range point of view. So I regard that the principle of limiting matters to the parties concerned must absolutely be preserved, some questionable points notwithstanding. I believe that if we are to endure the difficulties, understanding this intention, things will be better after 10 years. In the strict sense of the word, the parties concerned will be three: labor, management, and the government. Therefore, arising before us will be various tasks such as how will the government keep the balance and what kind of policy-oriented administrative guidance will the government exercise. Therefore, in any future labor administration I will strive first for a policy-oriented solution to low wages which are out of what is called balance.

The Question Is Realities

[Question] Traditionally, is it not a fact that our society tends to look down upon the workers? In step with this tendency, it is also a fact that the techniques of operation and management or organization are very backward. Just because the principle of limiting matters to the parties concerned has been put forward under such conditions, will it really be possible to have negotiations conducted on an equal footing? Whether or not this really will be possible, I regard that there is no doubt it is a priority task that we have to resolve in the future. At present, it seems to be the worldwide trend that labor and management are aiming for relations on an equal footing from the traditional subordinate relations and that there are places where the workers are intent on enjoying the ideal of relations on an equal footing through worker participation in management after reaching a certain stage. It is difficult to say exactly what stage our country has reached, but it is a fact that for the improvement of relations the urge to give vent to dissatisfaction and suffering is being held back. Under such circumstances, I regard that it is significant to closely examine the roles that should be played, such as the role that should be played by our enterprises, the

role that should be played by the workers for the sake of labor-management cooperation, and the role that should be played by the government. For example, the government would have a reconciliatory role to play, as you, minister have just said. Again, as the government has state-operated enterprises, one might regard it as possible for the government to maintain the stance of being the first to set examples as an employer. And, although it is a fact that our country has difficulties and is in no position to demand a flawless system as far as the three labor rights are concerned, still there is room for improvement in matters including the right to dispute. In short, it seems that the shortfall such as it is will be complemented if the government properly conducts the administering, so it is a matter of concern how such administering will be conducted. As a matter of fact, some people say that in a certain sense, the three labor rights well insured could constitute precisely a base for the democratic system.

[Answer] Earlier you commented on the structure of the Labor-Management Consultation Council Law, but it could be viewed that when compared with those of foreign countries, ours is not sufficient. I think so too. But it is my view that there is the question of the realistic conditions and abilities involved. For example, one cannot draw the conclusion that just because the reputedly good system of an advanced country is adopted, all labor-management problems will be commendably solved. We cannot adopt Germany's Weimar Constitution in toto... The same applies to the labor-management system. If efforts are made to have the enterprises and workers, although in a relationship of conflict of interests, foster a so-called joint body consciousness and then, guides it to elementary [worker] participation, and accumulate experiences, will not a road close to that in an advanced country be opened up? Such is my thinking. As you said earlier, as for the right to negotiate, it is better to solve problems through negotiations than through disputes where possible, and if impossible, it constitutes a prior condition for strike. It is not the intention to obliterate part of the right to action. The intention is to restrain unnecessary action and make prior cooperation sufficient. Ultimately, when they feel they have been treated unfairly, the workers whose rights are insured by law, will be able to invoke their right to action within the framework of the law.

Determining Wages

[Question] Putting the troublesome talks aside, will you now please tell me what is the meaning of work, how do you interpret the meaning of work, that is, the principle of work? Workers are often defined as those who are burly, usually wearing jumpers, and do physical work.

[Answer] The concept of work is in the mind of the beholder. It is different depending on the viewpoints, such as work viewed from economic dimensions, work viewed from social dimensions; or as a common concept, work that human beings must do, work that is viewed from the dimensions of the state. Anyway, in a word, I think that the value of work, the necessity of work, the existence of work, constitutes the base wherever human beings exist. Therefore, it is my view that a society or a state can develop if it respects work, recognizes the value of work, develops work. Is not work defined as complete with human personality, that is, human personality joined to commodity? Nowhere in a society is there a place where there is no work. History tells us of Kyongbok Palace and Toksu Palace and their foundations that still remain, all retain vestiges of the mobilized

technology and manpower. It may be said that the history of Rome, too, means the standards of their technology and work force and their vestiges. Therefore, it is my thinking that the work force must always be protected and respected, and that its value must be recognized everywhere.

[Question] People like Marx said early on through the labor theory of value that labor alone is the source of producing economic values. As a matter of fact, there is nothing that can be produced without man's strength. It boils down to the power of labor, but as human civilization developed, it became evident that this alone is not enough. When this is viewed in conjunction with productivity, it is another task facing our economy that all government policies must be formulated and pursued in the direction of increasing productivity. If so, what is it that increases productivity? In the final analysis, it may be said that most important is human relations, labor-management relations, and then nonhuman factors such as facilities or equipment. In the end, it boils down to this: Smooth labor-management relations could become the motive power that increases productivity and pushes our economy onto a second leap forward stage. Now, productivity and price of labor are in an inseparable relationship. For instance, when wages cannot keep up with rising prices, there will be a problem. But in the case of Korea, it is also a fact that the conditions do not permit raising wages enough to keep with the rise in prices. I think that the problem of how to smooth this over in the Korean economy awaits solution, and is the most urgent business of the Ministry of Labor. When wages are not raised to keep up with rising prices, it spells austerity, and things will undoubtedly be difficult until genuine humane labor-management cooperation is realized. It is said that wages must be raised within the scope of increased productivity but what should be recognized is that increasing productivity is the responsibility of not only the workers but businessmen and the government as well.

[Answer] It is natural that wages should be raised within the scope of productivity. In a broader sense, material productivity has become the main thrust but recently it is argued that productivity should include value added. Reasonable as the argument is, it is my view that it involves fairly complex problems, realistically speaking. I always think that productivity must never be ignored in the matter of distribution. What I mean is that it is dangerous to pursue the principle of distribution alone, disregarding productivity. Productivity always has a lot to do with outside factors such as raw materials and sales. Therefore, it is my thinking that distribution cannot be considered with productivity alone, that such questions as the foreign standards of similar enterprises and different types of businesses must be taken into consideration. Again, most important is the question of ability to pay. The question is: What is the extent of ability to pay of a given enterprise? The same applies to the state. Social security is also possible only if the state has the ability. I do not think there is any state that would not want to do it. I think that the question of distribution should be settled after consideration of the so-called question of ability to pay and a few other questions. Lately people talk that there should be a uniform increase of say 20 percent for this year and such and such percent for next year, but I do not think such is the only way. To sum up what I said earlier, it is essential that each enterprise should determine its own appropriate line. It is my view that a uniform determination is incorrect. If in the future, with due consideration to the various conditions I spoke of earlier, both parties strive for solutions with mutual understanding on the principle of

self-regulation, it will be a shortcut to making labor-management talks lively, to nurturing self-regulated abilities, to making the industrial community develop wholesomely.

Precedent Revamping of Industrial Structure

[Question] Statistics as of June of last year show that 49 percent of our country's wage earners received wages below 100,000 won, and the wages of over 90 percent of women were below 100,000 won. They say 100,000 won is below the minimum cost of living in view of current prices and other factors. It is also said that little can be done about it in view of various economic factors. Still, it would seem that there are cases where immoral management or businessmen, even though they could afford to pay higher wages, are paying low wages. In order to prevent such practices, I think it would be a good thing to protect the workers by some means such as setting minimum wages. But I think you said a few days ago that you would do it in a few years.

[Answer] Yes, you are right. As I said a little while ago, I am not an expert but it is my view that first of all our industrial structure should be revamped considerably. As matters stand now, it is difficult to talk about distribution or wages too deeply without revamping this industrial structure. In countries like Singapore, the task of revamping the industrial structure has been briskly underway for a long time. Thus, as the structural revamping goes on, an income policy is being pursued in the direction of higher income. It is my view that in our country, too, there has to be a cautious revamping of industrial structure and in step with this, a revamping of wage structure, which has been on a dual structural system. Therefore, for a feasible revamping it should be studied concretely by the size of enterprise, by the category of business. For even in the same category of business there are small-size enterprises and modern large-size enterprises. Under such circumstances it is unreasonable to demand the same wages in businesses of the same category. If, disregarding this, a wage standard is set forth, it will merely produce undesirable side effects. If in the future we carry out the revamping of wage structure simultaneously with the revamping of industrial structure, at least in a few years we will be approaching the standard of the minimum wage system of advanced countries, and by then it will be time enough to set forth a wage standard or system by law. Such is my thinking. Until such time, it is my intention that against those enterprises which insist on paying low wages even though they could afford to pay higher wages, we will strive to have the matter settled first by the parties concerned, failing this we will deal with the matter by administrative guidance.

The Future of the State in the Hands of the Workers

[Question] Of late, in connection with the wage question, there seems to be considerable apprehension about severance pay. Recently, there were some disturbances in the form of massive resignations submitted in advance at companies such as Korea Electric Co over the report that the severance pay system would be changed. Now, it is my thinking that it will be difficult, realistically speaking, to implement the government policy to reduce the rate of severance pay from 1 month's pay for each year of service to half a month's pay and moreover, increase the minimum number of years of service for eligibility from 1 year to 2-3 years. It is reported that a national welfare pension system is scheduled for

implementation in 1983 and an unemployment pension system in 1985, which may make it inevitable to carry out revamping with a view to reducing the burden of enterprises. As a matter of fact, is it not a fact that in the case of advanced countries where social security is well instituted, a severance pay system is almost nonexistent? If the state were to provide enough subsistence to the retired workers, severance pay would no longer be absolutely necessary. But in our case, when retiring after 20-30 years of service, the severance pay is the sole means of subsistence for the rest of the life of retired workers. If such severance pay were to be cut in half, there would be considerable resistance. If the severance pay system were to be amended, it would not be too late to talk about it after the welfare pension system got established to a certain extent. Do you not think it is too hasty to talk about it now?

[Answer] Regarding the severance pay, I have not concretely thought about it nor have I talked about it. A few days ago a certain newspaper carried an article but it was something entirely different from my thought.

[Question] Might it not have come from the Economic Planning Board?

[Answer] As far as this question is concerned, as you have just said, many things have to be thought out. Although it has to be done cautiously, I do not think it is a matter for the Minister of Labor to tell others how to do it. I think that it is a matter to be thought out with a nationwide long-range eye on the larger picture of building a welfare state.

[Question] What did you do before?

[Answer] Before coming here, I was director of the Office of Labor, and before that, chairman of Central Labor Committee. Thus I have done a lot of labor movement work.

[Question] Does it mean that you have devoted almost all of your life to the labor movement....?

[Answer] Yes, you might say that. At one time I was a Yujonghoe member of the National Assembly, and before that I had been in the labor movement for 20 years or so as chairman of the Communications Union.

[Question] If there is anything you particularly remember in your experience over the years, could you tell me what it is?

[Answer] I am now 30 and all these years I have devoted myself solely to labor relations. All the people I know are mostly workers, and I know few moneyed people in the economic community. I know even fewer people in the government circles, and I do not know many people in the political world. Proverbially, I am a man lacking the ability to accommodate myself. In my boyhood I heard one of my school teachers tell us: If you want to see the future of our country, look at the students. Our country is not blessed with natural resources but must develop itself as an industrial state. If you want to see the future of our country, look at our workers and you will see. Therefore, it is my thinking that the future of our country depends on the workers, on how they work and with what sense, on how to protect them and make them work for society and state.

The Posture of Labor Union Leaders

[Question] In that sense it will be a good thing to educate and train workers. It seems that in the future that will be a big task of the Ministry of Labor. Is not manpower the only potentiality we have? British professor (Mans Singer) who visited our country some time ago also said that our country must be bold in tapping manpower. But it seems that people's sense of value tends to consider white-collar workers above blue-collar workers, college graduates above high school graduates. Do you not think this should be corrected?

[Answer] I think so too. We are moving toward an industrial society. In this direction we must develop and organize our country into a skill-oriented society. If we are to turn ours into a skill-oriented society by categorizing concretely by skills the training, abilities and experiences of our large manpower, it is imperative to change the face of society which has been traditionally based on academic cliquism. Even though radical actions may stir up controversies, I think that the changing of face must take place fairly soon. It seems that academic cliquism still remains a criterion for wages but we must quickly build a skill-oriented society where all people are accorded treatment commensurate with their abilities, industrious working people are rewarded appropriately for their merit, and people are in a position to pursue the worth of their skills. Such is my thinking.

[Question] Now, since you have devoted nearly all your life to labor relations, what were the things you were cautious about in your private life? Now that you have become a cabinet minister, people would understand if you went golfing from time to time, it would not be out of place if you went to a salon nor would it appear unseemly if you rode in a high-class car. There must have been various kinds of invisible restraints when you were in the labor movement.

[Answer] I think my present life is one that has reached its highest stage. First of all, my salary is enough for me not to worry about rice to feed my family, about education of my children. I think mine is on the national average standard of living. But this was not so in the past, and I had to go through a lot of difficulties.

[Question] According to the press and TV, Polish union leader Walesa is a friend of union members so much so they hoist him shoulder-high in the streets. How close could the relationship between workers and union leaders get? It seems that Polish labor unions are so strong because the union leaders, not as oft-mentioned labor aristocrats, share with union members a comradely sense of pursuing the same objectives. We wish our people engaged in the labor movement would go forward in the same direction but....

[Answer] I may be able to say this, because I have been involved in the labor movement: Be they labor movement activists, people of the leading class of society, or public servants, they must be neither at the bottom nor at too high a stage of life. Would it not be appropriate if a country's leaders were living at the middle level...? In my case, it was below the middle level, so I felt like a fool at times, but I believe that union leaders too must be at the middle level of union members. Should there arise questions because the leaders exceed the middle level and become aristocrats or are enjoying excessive pleasures, I think that

that country's labor movement is hopeless. As you know, what is called the action of a labor union is led by its representative, almost as its center. The representative becomes the face of the union. Therefore, it will not do if the aforementioned problems exist. It is imperative intrinsically to change the attitude that union leaders or social leaders tend to behave as leaders without self-sacrifice in their private life or public life. There are many people intent on working in the labor movement with self-sacrifice. So it would not do if people wanted to become leaders while pursuing their personal fame and fortune.

Toward a Zero Zone of Industrial Accidents

[Question] And it seems that matters such as prevention of industrial accidents and promotion of health should be among the major tasks of the Ministry of Labor in the future. It seems that last year about 120 among (?hazardous-job) workers were killed by industrial accidents. I personally went down to the pits of coal mines several times. What I thought at the time is, I wouldn't work there for a million won. Management people blame different things such as the low coal prices or no money but it is true that the management people are in a difficult position. When such things as the low coal price policy or the oil-centered low energy cost policy are taken into consideration, it is not difficult to understand the situation, but it is my view that there have been no notable measures taken to promote the health of the miners or prevent industrial accidents. Put another way, I think that while other sectors of the economy are growing, this sector has been left behind, a fact difficult for anyone to deny.

[Answer] As a matter of fact, a few days ago at a certain gathering I commented on the subject to a certain extent. At present we consider this question more important than the workers wages. As you know, in our country the wages keep going up, never down. In foreign countries there are instances where the wages have gone down. Anyway, it is a fact that there are too many zones of low wages [in our country]. But I think the question of industrial accidents is more important than the question of wages, although frankly speaking, I have to recognize that that area has been neglected in the past. In search of some appropriate measures, we are discussing various measures, holding meetings of the government officials concerned. First of all, in technical cooperation with Germany, we have imported masks for the miners to wear for protection of their health and also machines which automatically stop when a worker's hand is accidentally caught in them. We are examining various matters including the question of standardizing them. Anyway, on the principle that top priority must be given to the protection of life and health of the workers, we are continuing administratively to launch the accident-prevention movement. For example, we are even considering a system of awarding citations to enterprises with no accidents for 1,000 days. Thus accidents have become somewhat fewer than last year. Anyway, we are exerting all-out efforts toward no accidents, that is, a zero zone of accidents. The question is capital investment. For example, to quote mines alone, ours is different from the mineral veins in Germany and requires more money and it is likewise difficult to install safety facilities. In fact, the manpower to take charge of safety functions is in short supply, and even when the workers are educated in safety, many accidents are still caused by their inattention. Many are such compound factors. Such compound factors should be eliminated at once but it is indeed very difficult to do so. Education cannot be effected all at once, and the same applies to capital investment. To achieve the goals set for

liberating our workers first of all from hazards and accidents and also from undesirable working environments, we are working earnestly. Anyway, we will do our best.

Educating the Workers

[Question] Since last April Japan has implemented the system of 5 days of rest every 4 weeks for public service personnel as well. Of course, enterprises have been implementing this system for several years, and in our country too, a certain pharmaceutical company has been implementing the system of consecutive days of rest since 1977. Now that this company is enjoying increasing prosperity day by day, exceeding original expectations, it has been attracting attention recently. The latest statistics show that the company's sales reached 3.8 billion won last year. I think this is attributable to good labor-management relations because the employees feel grateful to the company president for being able to enjoy two consecutive days of rest unlike others. As a matter of fact, when workers report for work on a Saturday, they usually dilly-dally over work, using electricity, water, and other supplies until they call it a day at 12 noon. Such expenditures on a Saturday are almost the same as on a full working day. Realizing that if such were the case, it would be better to make Saturday a full day of rest, the company seems to have done so. Anyway, it is a fact that the company is now enjoying the fruits of such action. Now that we are looking forward to an annual income of \$4,000.00 in the 1990's, it is thought that the time may have come to examine this question corporatively.

[Answer] As I spoke a few days ago and also at today's directorial meeting, is this not a question of protecting and nurturing manpower? Manpower must be constantly recycled: Manpower is not something that is discarded, once used; it must be recycled as it takes time out for rest after use and nurtures and augments its abilities in the period of rest. That is why rest and recreation are essential for manpower. Rest and recreation must be guided in the direction of so-called recycling. But the question arises whether they should be led in the direction of recycling alone. For example, when a lathe worker is well trained, he shows considerable success in operating his lathe. But once he is away from his lathe, he is practically useless. For instance, suppose he attended a neighborhood meeting, he could not follow or understand what is being said. That is to say that as a citizen, he is a failure. In the final analysis, an unbalanced human being has been produced. Therefore, it would seem that at least in managing and developing manpower, we must place emphasis on turning people into wholesome citizens, wholesome workers through this process of recreation and that we must work with an eye on these two points. To draw an analogy, strength permitting, we intend to give adult education to children. In this way we intend to bring them up as wholesome citizens. Some time ago I visited the Changch'ung Girls' High School. There, skilled workers of Ch'onggaech'on garment factories were earnestly studying. I talked with the students at considerable length, and I firmly believe that if they are brought up as wholesome citizens, as wholesome members of an industrial society, and if those of them with good abilities and good heads are selected for advancement to higher schools, there will assuredly emerge admirable personnel from among them. In the process, the outstanding ones must be selected for study abroad, and when they return after study, they will become teachers and leaders. In this context, a trial run was made last year. In the future, even the above mentioned recreation should be conducted in such a

direction. I think such recreation as singing songs together at a gathering leaves something to be desired. Again, as to what I have styled as cultural treasures in living workers, if we encourage workers in many-sided ways such as encouraging workers with a potential for calligraphy to develop it, workers with a potential for painting to develop it, workers with a potential for industrial art to develop it, workers with a potential for singing to develop it, it is my firm belief that there will emerge from among our workers champions on the order of champion Ch'a Pom-kun. It is my basic thinking that potential Supreme Court justices or great artists may emerge from among them and that they must be brought up with such potentials in mind. I do not know to what extent this will be realized but I am going to do my best.

[Question] Another question that has surfaced of late is the arrival of a society of elderly people. In the end, this is linked to retirement age. To quote, as an example the average age of state council members is, over 70 in the case of the Soviet Union, over 60 in the case of the United States, and a little over 50 in our case, or 10 years younger respectively. In our case, too, the average life expectancy will grow to the neighborhood of 70 in the future, so it is not too early to think about this now. In our case, those who leave their work places at retirement age, are buried alone in the society and there is no room for their wisdom and administrative experiences accumulated over the years to be brought to life and used to advantage.

[Answer] As I said earlier, our plan for training manpower and our plan for turning ours into a skill-oriented society must all be closely linked together. For example, if one goes into the side streets of the city, one sees real estate agencies, and tobacco stores whose keepers are vigorous-looking youths. It is really a shameful sight. How shameful the youths must feel. Such is a job for an old man. Something must be done to make such youths take on jobs where the operation of heavy machinery or heavy loads is involved. Once we turn ours into a skill-oriented society, we can provide jobs for old peoples, too, instead of leaving them idle. Even though there will be healthy ones as well as feeble ones among them, they will all be able to work, doing jobs that are suitable for them. What is urgently needed is the reorganization, if you will, or the organization of a skill-oriented society.

[Question] Thank you very much for the lengthy time you have given me.

12153

C50: 4108/118

8. KOREA/POLITICS AND GOVERNMENT

EFFECT OF AMENDMENTS TO NEW TRADE UNION LAW DISCUSSED

Seoul WOLGAN HANCHON in Korean Apr 81 p 9

[Information furnished by Labor Affairs Section, Ministry of Government Administration, ROK]

[Text] Background to the Amendments

As stated in its preface, the significance of the background of the collective agreement signed last 15 March lies in striving for the enhancement of mutual understanding through dialogue between labor and management as well as the enhancement of workers' labor conditions by creating a new turning point for the "successful promotion of the building of a welfare society" in step with the inauguration of the Fifth Republic. Of deeper significance is the abolition of the current union shop system and the adoption, according to the amended union law, of the so-called open shop system, whereby workers are not forced against their will to join a certain union as a condition for employment but rather can determine of their own free will whether to join or withdraw from unions.

That is, by removing the second clause of Article 39 (unfair labor practices) of the Labor Union Law and amending Article 3 (qualifications of union members), which currently says "...employees must become union members," to read "...union members are those who, as persons employed by a company, join a union," the main objective can now be the abolition of the formerly compulsory or forced system in order to strive for smooth and rationalized business operations through the mutual understanding and trust of labor and management.

Content of the Major Amendments

Looking briefly at other major amendments, the provision of Article 21 (expulsion), which said that "when the union has expelled or otherwise punished a member, the company can, at the request of the union, discharge or otherwise punish that member," has been changed to a "disciplinary" provision which specifies: "The union can request the company to discipline a nonmember who engages in unfair labor practices or otherwise acts in a way unfavorable to healthy union activity." Thus the object of discipline has been changed from union members to nonmembers.

Also, in accordance with the December 1980 adjustment of the government's investment organ severance pay disbursement levels, the amendments established a fourth item under Article 44 (severance pay), requiring "...that reimbursement rates based on Table 4 be applied to terms of service after 1 January 1981."

For one thing, this article stipulates the application of disbursement rates based on Table 1 for terms of service prior to 3 December 1961 (item 1), Table 2 for terms of service after 4 December 1961 (item 2), and for those employed by Keiden [Korean: Kyongjon] prior to 15 August 1945, Table 3 (No 3).

Furthermore, the amendments added a fifth item based on Article 48 of the Labor Standards Law under Article 57 (yearly/monthly vacation) stipulating that "if the paid vacation under items 1 and 2 is not used within 1 year, it is forfeited."

However, it did add the proviso that "...this shall not apply when not used because of the requirements of duty."

In order to promote the welfare and health of employees, the amendments established a provision (Article 77) calling for the disbursement of physical training expenses at the rate of 100 percent of the basic wage, leaving the date of disbursement to labor-management negotiation and specifying that this does not enter into average wage calculations for severance pay.

In addition, the current stipulations relating to labor-management negotiation meetings (chapter 8), informal branch labor-management meetings (Article 88), labor-management deliberation periods (Article 89), limitations on strike periods (Article 90), labor strike reports (Article 91), and effectiveness of resolutions (Article 93) were all trimmed, with Article 88 being briefly summarized to say: "The Labor-Management Negotiation Law shall be observed in order to smoothly resolve problems between labor and management." This large-scale elimination and adjustment of the law are seen to have been undertaken as a result of the December 1980 establishment and clarification of the Labor-Management Negotiation Law and its regulations and provisions, as well as of the establishment of Article 12 (limitations on strike action) of the Labor Strike Control Law and the prohibition of strike action by employees of state enterprises and defense industries.

Finally, the agreement's addenda established provisions for adoption (item 5) to prescribe that "union members at the time of the effectuation of this agreement will be considered as union members by the agreement," thereby eliminating the troublesome procedures engendered by having current union members rejoin their unions.

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CSO: 4108/122

S. KOREA/ECONOMY

JAPANESE ANALYST DESCRIBES ECONOMIC PROBLEMS

Tokyo TSUSAN JANARU in Japanese Jun 81 pp 48-52

[Article by Nozoe Shinichi, staff member of the Institute of Asian Economy: "The Present Condition and Problematic Points of the Korean Economy" from the series on international issues]

[Text] In order to break through the "wall of inflation" and build an economic structure capable of renewed competitiveness, the South Korean economy will have to exert efforts both at home and abroad.

Facing Threefold Trouble

The South Korean economy, which had achieved a dramatic change through rapid industrialization, has had to submit to stagnation the past year or so. Finally, last year, this developed into a disastrous situation when the growth rate recorded minus 5.7 percent. This was the first setback for Korea since the beginning of the first five-year plan in 1962, through which it achieved an average 10 percent growth rate. "Brake applied suddenly on a speeding motorcycle" might describe the situation.

The economic growth rate was not the only problem. Prices went up drastically. Wholesale prices went up 38.9 percent, while the consumer price index saw a 28.6 percent rise. The increase rate of wholesale prices was the second highest, next only to that of 1974, the year of the first oil shock. The increase in consumer prices exceeded that of 1974.

The international balance of payments also presented a grim picture. The trade deficit rose to \$4.7 billion and the current account deficit to \$5.5 billion, both of which are the highest figures in Korean history.

In summary, the Korean economy last year was plagued by problems in three areas: growth rate, prices and trade balance. (See Chart 1)

A 表1 成長率・物価・国際収支
の動向

	GNP (%) a	物価 (%) b	経常収支 (億ドル) c
1973	14.9	6.9	+3.1
1974	8.0	42.1	+20.2
1975	7.1	26.6	+18.9
1976	15.1	12.1	+3.1
1977	10.3	9.0	0.1
1978	11.6	11.7	+10.9
1979	6.4	18.8	+41.5
1980	+5.7	38.9	+55.2

B (出所) 経済企画院「主要経済指標」1980、その他

KEY: A. Chart 1. Growth Rate-Price-International Balance of Payments

a) GNP %

b) Wholesale Prices %

c) Current Accounts Balance (hundred million dollars)

B. Source: Economic Planning Agency, "Major Economic Indexes" 1980, and others

How could the Korean economy, which was enjoying the most dynamic development in the world, fall into this kind of predicament? Let us first address that question. If one looks at the growth rates of different categories, one can spot a drastic decline of 22 percent in the field of agriculture, forestry and fishery. This is because cold weather damage forced the production of rice to drop drastically (35 percent down from 1979). The contributing factor of this category to the overall growth rate being 75 percent, one can surmise that the Korean economy would not have plummeted this far if it had not been for bad crops.

Strategies for Development Coming to a Stalemate

A bad rice crop, however, was only a temporary factor. What should be noted here is, as can be seen in Chart 1, that the Korean economy was already starting to decline as early as 1979. I would like to raise the following two points as the basic sources of the hardships the Korean economy faces today. One is that the strategies for development, which made rapid economic growth possible, have reached a stalemate. In other words, the Korean economy has come to face a "wall of inflation." The second point is the effect of the second oil shock.

Let us look at the first point. The two pillars that support Korean plans for development have been: 1) active introduction of foreign capital and 2) industrialization geared toward export. The former contributed to rapid growth by expanding imports without having to worry about the "ceiling of an international trade balance" and the latter, by maintaining production without having to consider the small size of its domestic market. But these outward developmental tactics, at the same time, brought a negative aspect to the Korean economy by making it inflationary.

This problem became apparent from 1976 to 1978, during the period of rapid economic growth. Aided by heavy chemical industrialization getting into stride, a drastic increase in payments to the Middle East and increased consumption due to higher incomes, the economy overheated abnormally and prices rose. Real estate speculation symbolized this as the prices of apartment houses skyrocketed two to three times in 1 year.

This kind of situation resulted in a drastic decline in Korea's ability to compete in the world export market, and in the summer of 1978 a "state of emergency in exports" was declared. As Chart 2 illustrates, Korea's ability to compete declined during this period, compared to Taiwan and other countries, which were also at the midstage of development. There was rising anxiety in Korea that unless inflation could be controlled, it might not only force Korean people to make great sacrifices in their living standard but also erode the very basis for continued development.

A 表2 各国製造業の賃金コスト推移

		1975	1976	1977	1978
1 韓国	賃金	100.0	134.7	180.2	242.1
	生産性	100.0	111.9	118.6	132.0
	賃金コスト	100.0	120.4	151.9	182.3
2 台湾	賃金	100.0	117.5	135.6	157.4
	生産性	100.0	116.2	128.1	158.8
	賃金コスト	100.0	100.1	105.9	99.1
3 シンガポール	賃金	100.0	105.0	111.3	126.4
	生産性	100.0	112.3	118.0	140.5
	賃金コスト	100.0	93.5	94.3	90.0
4 日本	賃金	100.0	112.6	123.3	131.8
	生産性	100.0	112.3	118.0	126.0
	賃金コスト	100.0	100.7	104.5	104.6

B (単位) 1975年(日本)賃金コスト=100

KEY: A. Chart 2. Changes in Wage Costs in Various Countries

- 1. Korea a) Wage
- 2. Taiwan b) Productivity
- 3. Singapore c) Wage Cost
- 4. Japan

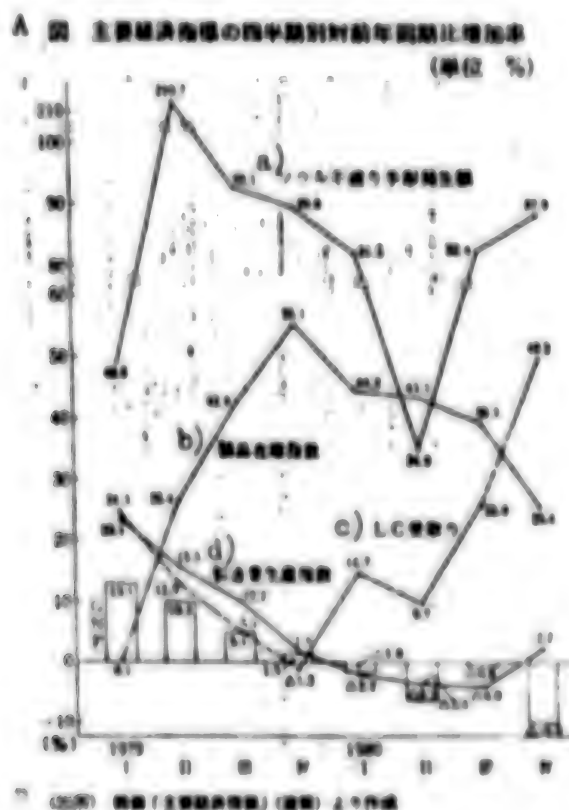
B. Source: Federation of Economic Organizations, "White Paper on Private Economy," 1980

As a result of this, Nam Duck Woo, Director of the Economic Planning Agency, who directed the rapid economic growth, was removed in December 1978 and Shin Byong Hyun took office. Director Shin started employing a series of "policies to deflate prices" (policies to confirm market prices) at the beginning of 1979, and in April, as the last of the series, introduced a "general policy for a stable economy."

These measures aimed at strict controls, and the minimizing of the heavy chemical industry drew special attention because of its innovative nature. They were also viewed as signs that the Korean economy, which had been supported solely by the growth policy, had taken a turn toward stabilization.

These measures, compounded by the effect of the untimely "second oil shock," brought to the Korean economy more friction and bleeding than had been expected. As Graph 1 illustrates, all economic indexes took a bad turn after the second quarter of 1979 when these measures were adopted. The amount of bad debts and the index for inventory rose drastically and the manufacturing production index and the growth rate of GNP for each quarter steadily declined. Consequently, unemployment increased and the anxiety about unemployment soared. Still fresh in the memory is the Y. H. Trading incident, which took place in the New Democratic Party headquarters, which made the confrontation between the ruling and the opposition parties decisive and triggered a series of political suspense dramas which led to the assassination of then President Pak.

Because of the added political unrest, the Korean economy, despite many measures to boost it, became frigid. The negative growth of 1980 was to be located right on the extending line of decline that originated in 1979.



KEY: A. Graph 1. Rate of Growth in Major Economic Indexes Compared with Same Quarter of Previous Year (Unit: %)

- a) Amount of Bad Debts in Seoul
- b) Inventory Index
- c) LC Receipts
- d) Index for Manufacturing Production

B. Source: Graph made from "Bank of Korea-Major Economic Indexes" (Sokuho-Prompt Report)

Next, I would like to look at the second reason for negative growth, the oil shock. It goes without saying that a big hike in the crude oil price had a great influence on growth, prices and the international balance of payments. Incidents abroad had enlarged impacts on countries like Korea, where dependence on exports is high (76 percent in 1978). For example, the percentage that foreign factors contributed to the growth rate of wholesale prices was 16 percent in 1978, before the second oil shock, but in 1979, after the shock, it rose to 64 percent, and in 1980 it climbed as high as 70 percent.

Also, it is a big factor that the additional expense for oil imports due to the crude oil price hike (it rose 84 percent in 1980) reached \$2.8 billion (16 percent of total exports). It is needless to point out that this additional expense had a deflationary effect on the Korean economy.

So far I have tried to analyze briefly the sources of the problems the Korean economy is facing. If asked which I consider to be the more relevant cause, I would point to the former, the "wall of inflation." That is because, first of all, the reduction in the Korean ability to compete, which symbolizes the weakening of the Korean economy, started to be recognized clearly as early as the summer of 1979. Second, there are the cases of Taiwan, Hong Kong and Singapore, which were also hit by the oil shock but not only did not plummet as Korea did in its export increase rate and economic growth rate, but instead maintained a lively picture. This fact tells us that the cause of Korea's fall lay among the domestic factors.

Of course, the influence of the oil shock was large, but I believe that the "wall of inflation" better explains the situation.

Economic Forecast for This Year

Now let us turn our eyes to this year's economy. The Korean Government has forecast this year's GNP growth rate to be 5-6 percent. As the basis for this prediction, the Korean government has cited: 1) the continuation of export recovery, 2) recovery of rice crops to normal and 3) an increase in investment.

First, in regard to the continuation of export recovery, Graph 1 shows a rapid increase in the rate of LC receipts since the third quarter of 1980. This is due to the devaluation of the won. The won, last year alone, dropped 36.3 percent against the dollar, from 484 to 660 won to a dollar. It had been hoped that increased receipts of LC would increase exports and thereby increase domestic production. As a matter of fact, as the graph shows, in the fourth quarter of 1980, the inventory index decreased and the manufacturing production index was starting to turn positive. The "Economic Forecast Index," which the Bank of Korea announces every month, turned upward in November for the first time in 7 months and has maintained that trend ever since, creating, it should be noted, the feeling that the economy has touched bottom (and is now on its way up).

Next, with regard to the recovery of the rice crop, unless they have bad weather such as last year, it is quite natural to forecast the recovery of up to the

usual level. Therefore I do not find any problems in the government's forecast on this matter.

Finally, in regard to the increase in investment: as for government investment, 60 percent of the total budget is planned to be expended in the first quarter of this year. On the other hand, around January, private investment still remained completely inactive. However, the Reagan administration's complete support for Chun Doo Hwan's government, announced at the summit meeting between Mr Reagan and Mr Chun at the beginning of February this year, might possibly create the incentive for private investment. It goes without saying that this summit will have a positive influence on the delivery of \$7.7 billion worth of foreign capital which is planned for this year.

As we take into consideration the points mentioned above, we can judge that the government's 1981 forecast is quite realistic. But I would like to put forward the following two points for consideration.

First, the increased LC receipts are a result of the won devaluation. Judging from the structure of the Korean economy, the effect of won devaluation on exports will not last long. This is because devaluation of the won results in a rise in the cost of imported raw materials, pushing up the export costs and eventually causing exports to stagnate. Therefore, there is a limit to how much won devaluation can stimulate the economy.

The second point is that the inflation pressures are still strong. This, along with anxiety regarding the international balance of payments, puts the Korean Government in a situation in which its active economic stimulus policies will be hard to take. It will result in a slowing down in economic recovery.

Judging from the above two points, even if economic recovery takes place this year, the basis for it will not necessarily be a sound one.

As a matter of fact, although in the first quarter of this year the economy showed a slow upward trend, it still lacks spark despite many stimulus measures. Export business is good but business in areas of domestic demand, such as machinery orders and architectural licenses, is still stagnant.

This leads me to think that the Korean economy may be losing the mechanism whereby booming exports lead the way to a booming economy. If this is so, unless domestic demand can be stimulated, there is a limit to what other measures can do to help it.

For this reason, it seems, a series of economic reforms adopted by Chun Doo Hwan, such as readjustment of heavy chemical industry investment, "measures to make industry healthy" (the so-called 9.27 measure) and a reorganization of the corporate group, were forced to be curtailed. Also, because these measures caused industrialists to lose a lot of incentive to produce and invest, the Chun government could not maintain its hands-off attitude in this regard. It is clear that the Chun government has employed a policy to first achieve economic recovery and make industry regain its physical strength and, after

that, tackle the problem with patience in order to make changes within industry to make it healthy.

It is reported that in December last year the Chun administration promised the economic community that it would not engage in any more hasty reforms. On 26 February, the decision was made that Chong Chun Yong, whose move had been the focus of attention, would remain as the director of the Federation of Economic organizations (Korean Keidanren-Federation of Economic Organizations). It is interesting that this decision can be interpreted as the Chun administration's expression of concern aimed at raising the spirits of the economic community.

Forecast for the Future

Based on the preceding analysis, one can understand that the problems the Korean economy faces are not easy to solve. It should be argued that the Korean economy, as the result of its development, fell into today's predicament. As long as it is clear that the strategies for development of the past brought about inflation and that inflation is eroding the basis for continued growth, the essential question for the Korean economy is whether it can break this "wall of inflation" and build an economic structure which will create renewed export competitiveness.

The basic conditions that supported the strategies for development of the past are disappearing quickly. That is because regaining competitiveness in exports through low-cost labor is now impossible due to the competition from developing nations, such as China, and the higher standard of living at home. Also, an export promotion policy focusing on narrow profits and high volume is difficult to carry out now that the developed nations are strengthening protective measures in their trade policies. Therefore Korea can only turn toward attaining the capacity to export high value added goods, in other words, active promotion of heavy chemical industrialization.

In order to achieve that, efforts in two directions are necessary. First is the transition to a "higher wages and high productivity" system, which is a domestic effort. Korean industry, which for a long time depended on a low labor cost, has to plan "reduced quantity management" through complete rationalization and technological reform. Also, it should break its over-reliance on the government. Also, on the national level, it will be necessary to construct a mechanism for selective heavy chemical industrialization and efficient defense.

The second direction will be to make efforts outside of Korea such as promoting industrial relations for mutual aid with Japan. I have already mentioned that heavy chemical industrialization is essential to Korea. In the process, however, it will not be beneficial to adopt a "one-set" principle, because of the small size of its domestic market and the inflationary factors that the great demand for capital will cause. Therefore it will be indispensable for Korea to strike up mutual aid relations with Japan and other countries.

I have analyzed and discussed the present situation and the problematic points of the Korean economy and the direction it should take in the future. The road to the "second jump" which President Chung is aiming toward looks precarious. The Korean economy must go forward burdened by big problems.

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CSO: 4105/195

8. KOREA/ECONOMY

BRIEFS

KDB PREDICTION--Inactive domestic demand and investment will continue to leave the Korean economy in a slump for the time being, combined with adverse world trends, the Korea Development Bank foresaw yesterday. According to the state-run bank, the business recession in advanced countries and the consolidating competitive power of rival developing ones will also decelerate the recovery of the nation's economy. "Business picked up slightly in the second quarter of this year, but is not likely to improve outstandingly for some time," the bank said in a survey report. Business activity in the mining and manufacturing sector, which increased relatively greatly during the April-June period, is to maintain its rising momentum during this year's second half with soaring demand at home and abroad. By industry, textile, footwear, and shipbuilding firms will continue to show a relatively favorable tone during the second half of this year, while foodstuff, non-ferrous metal, paper and automobile makers are expected to suffer a lingering business slump, according to the report. Meantime, the report said that domestic and international demand for the products would give impetus to basic metal, electric facility and general machinery industries during the July-December period. On the other hand, the KDB predicted that the financial situation would turn favorable during the fourth quarter of this year, quoting the survey report. Of 2,546 firms surveyed, 28 percent were in financial difficulties during this year's first three months, but only 18 percent expected a stringent money situation in the fourth quarter, according to the report. [Text] [Seoul THE KOREA TIMES in English 3 Jul 81 p 7]

EXPORT RISE--Korean exports in the third quarter of this year are expected to reach \$5,480 million, up 21.2 percent over the comparable period of last year, it has been forecast by the Korean Traders Association (KTA). As against the preceding quarter, the estimated figure, however, represents a relatively low growth rate of 4.5 percent, the association noted in its survey of trade business indexes. Herald- ing a sluggish export performance, the KTA pointed out, the arrivals of letters of credit (LCs) have declined since May. The association attributed the setback partly to the Korean won currency's relative rally in the Japanese and European areas on the heels of the U.S. dollar's rise on international markets. It also pointed out that the recent Korean export pickup had developed at the expense of low profitability. Structural vulnerability, the association said, was sure to ruin the Korean export drive in the long run unless drastic remedies were found. The government and business circles, the KTA report said, should combine their efforts and wisdom to reduce or curb production costs. By item, the association predicted sluggish export performance in such fields as raw silk, tires and electronics goods. [Text] [Seoul THE KOREA TIMES in English 3 Jul 81 p 7]

CONSUMER PRICES--Wholesale and consumer prices each increased by 10.4 percent during the first half of this year, according to statistics compiled by the Economic Planning Board and the Bank of Korea. The statistics, released yesterday, show that consumer prices rose by 2.9 percent in all cities last month with foodstuff prices rising by an average of 3.5 percent. The consumer prices of non-food products advanced by 2.4 percent in June, mainly affected by rise in public service rates including postal and telephone charges. Meantime, wholesale prices remained steady last month, increasing only 1.1 percent, according to the statistics. During the June 20-30 period, wholesale prices declined for the first time this year, as the prices of such industrial goods as sugar were lowered. Export and import prices also continued to fall by 0.1 percent and 0.3 percent, respectively, in June from the preceding month. Decreased marine product prices dropped the overall export price index, while a supply surplus of crude oil contributed to the decline in the import price index, the statistics pointed out. [Text] [Seoul THE KOREA TIMES in English 3 Jul 81 p 7]

SMALL COMPANY PRODUCTION INCREASE--Small and medium businesses have been showing a favorable trend since February in terms of production with their exports gradually increasing, the Small and Medium Industry Bank said yesterday. According to statistics compiled by the state-run bank, production by small- and medium-scale enterprises advanced by 1.4 percent in May from April and by 7.6 percent from last year's same month. By industry, electronic parts and basic metal makers registered 8.2 percent and 6.4 percent rises, respectively, in production in May over the preceding month. The production by nonmetal industries also rose by 6.4 percent in May as compared with a month earlier, and that by textile firms 6 percent, the statistics said. However, employment fell by 3.7 percent in May from 1980's comparable month, numbering 925,000 persons. The operational rate of small-sized companies dropped by 0.5 percent in May from April, but increased slightly by 1.6 percent compared with the same month last year. [Seoul THE KOREA TIMES in English 4 Jul 81 p 7]

LNG TERMINAL PROJECT--The Prichard Corp., a subsidiary of Keangnam Enterprises, will undertake the basic design of the nation's first LNG receiving terminal by June next year. The engineering service will be under a 1,401 million won-contract signed yesterday by Prichard and the Korea Electric Co. (KECO), it was announced yesterday. The projected receiving terminal, the first of its kind in Korea, will cost some 550 billion won. Under the contract, Prichard will survey a main pipeline route linking the Seoul-Inchon area and the terminal, together with the basic designing. The terminal will be established at Posung-myon, Pyongtaek-gun, Kyonggi-do, near the Pyongtaek Thermal Power Plant on Asan Bay. According to KECO, the first-phase program will require 251.5 billion won in domestic funds and \$370 million in foreign capital to be used for dredging and docking in the bay. The terminal project is scheduled to be completed by June, 1984. The government plans to import 1.5 million tons of LNG a year from Indonesia beginning in 1985 and an additional 1.5 million tons from 1987. [Text] [Seoul THE KOREA TIMES in English 9 Jul 81 p 7]

CSO: 4120/286

S. KOREA/SOCIAL CONDITIONS

SUMMER STUDY ABROAD FOR 1,500 COLLEGIANS EXPECTED

Seoul THE KOREA HERALD in English 28 Jun 81 p 8

[Text] An estimated 1,500 college students are expected to visit foreign countries for study tour during the summer vacation.

The two-month study tour will begin next month and end in late August when the summer vacation ends.

More college students are expected to travel abroad as the Ministry of Education plans to allow an annual average of 4,000 students to tour foreign countries next year.

Leading members of college student bodies, including the Student Defense Corps, have so far visited Japan, Taiwan and Singapore, with expenses borne by the Ministry of Education and other related government or private organizations.

However, college students will tour advanced foreign countries such as the United States, Britain and Australia as well as West Germany at their own expense.

Seoul National University, which originally planned to send 120 students to foreign countries, including the United States, scrapped the plan because there was not any financial support from the Ministry of Education.

Instead, the university issued letters of recommendation in the name of its president to the applicants for the tour on an individual basis.

As of yesterday, 190 letters of recommendation were issued but the university authorities said that students to whom the similar letters will be issued are expected to total about 300.

One hundred and sixty-one students at Yonsei University, 165 at Korea University, 164 at Ewha Woman's University, 128 at Chungang University, and 71 at Kyonghee University applied for foreign tours as of yesterday.

All applicants at Chungang University and most students at Ewha Woman's University asked private organizations to arrange their trips.

Parents and university authorities expressed the hope that students will pursue their studies and establish a new view of Korea after experiencing advanced countries and hard-working foreign students.

A university professor said that students who made foreign tours last year told him that they noticed foreign students study hard. He also said that the opportunity to study abroad should be given to more students.

CSO: 4120/277

N. KOREA/POLITICS AND GOVERNMENT

HERO YI KI-SU'S EXPLOITS DEPICTED

Pyongyang NODONG SINMUN in Korean 13 Mar 81 p 4

[Article by staff correspondent Kim Hwa-son: "For the Party and the Leader, for the Fatherland and the People; Patriotic Party Member: Story of Hero of the Republic Comrade Yi Ki-su Who Was a Hopper Operator at the Coking Plant of the Kim Ch'aek Iron Works"]

[Text] The great leader Comrade Kim Il-song taught as follows:

"Our people have liberated themselves from exploitation and coercion; in order to protect the independent and blessed life provided by our party and their national sovereignty, they have displayed high patriotic devotion and self-sacrifice on the frontlines and in the rear area, struggling gloriously with fear of neither fire nor water."

This is the story of a party member who devoted his all to defending his steel plant at the time of the arduous fatherland liberation war.

He is none other than Hero of the Republic Comrade Yi Ki-su.

Hero of the Republic Comrade Yi Ki-su, who at the age of 29 stood the revolutionary post assigned by the party, unhesitantly putting his life on the line for the slightest ordeal faced by the fatherland, was without a doubt a true patriot.

The incomparable glory and self-sacrifice ceaselessly displayed at a difficult time maintaining production by party member Comrade Yi-Ki-su, who was a plain and unassuming hopper operator, demonstrate the type of individual who is the patriot who has grown up in the bosom of the great leader.

The panorama of the Kim Ch'aek Ironworks (known then as the Chongjin Ironworks), destroyed by the Japanese imperialists retreating in defeat, was ghastly. The blast furnaces were frozen solid in the ashes, and the coking ovens were stone cold. Technicians capable of restoring the ironworks were nowhere to be found, and skilled workers were lacking. Nevertheless, workers infused with the joy and emotion of liberation given them by the great leader flowed in to rehabilitate the plant.

One day a small youth approached the plant restoration committee organized by the laborers of the ironworks.

"Please give me some heavy work!"

The one who had come to the restoration committee, not in the least afraid of work such as gathering scrap iron scattered about on the grounds or collecting refractory brick to be used in rebuilding the coking oven, was Comrade Yi Ki-su.

Consequently, Comrade Yi Ki-su, as per his wishes, became a hopper operator in the coking plant.

At that time some 20 workers made up all of the coking plant.

[Yi Ki-su] took very seriously the great responsibility given to him as a hopper operator, which was akin to being the heart of the coking plant.

Given responsibility for the hopper, he worked feverishly to restore it.

It was early 1942 when Comrade Yi Ki-su started working at the ironworks; he was 21 years old.

His home town was in Tanch' on-kun. The year he was 7, his mother died from abuse by the landlord. Then, when his father, who had been working as a farm hand for the landlord's household, became ill and subsequently died in Comrade Yi Ki-su's arms, he took to a life of wandering with his wife and young daughter, cursing the wretched world. Blown about like a leaf in the wind with nowhere to stop, Comrade Yi Ki-su's heart was torn with yearning for a homeland which would never again be trampled under.

He couldn't leave his homeland--it was a nation bearing its fate of colonial slavery; no place to live, no place to be buried even when one died.

Looking for a place to live, he came up the Pukhaeng Road; the place where he put down his bundle was a grass hut in the shadow of the Chongjin Ironworks.

He spent 3 years and 3 months of hard labor in the Chongjin Ironworks, which was operated by the Japanese imperialists.

At that time, he was one of those who carried pieces of cast iron up the plank and into the freight cars, his shoulders bleeding under the whips of the Japanese imperialist bosses.

There were few places on his hands and face that had not been seared by scorching flames from shoveling coking coal.

Nevertheless, he heard what the great leader had to say about the Japanese imperialist military and constables being flattened like hemp plants, and held tight deep within him to the belief in the day of liberation which would shed brilliant light on the darkened land, refusing to break despite the cruelty and contempt.

Then, when liberation came and people were scattering out to their home towns, he did not leave the ironworks which had cost him sweat and blood, but stayed on to rebuild with his own hands the ironworks which had been destroyed by the fleeing Japanese imperialists.

Afterwards, having become a hopper operator, he spent day and night with his equipment.

If he tightened a single screw, he went back over it again 10 times, and he polished the parts that he gathered together over and over again until they glistened.

Wherever the most arduous and difficult work was, that was where Comrade Yi Ki-su was to be found.

In his spare time, he collected together unused materials from around the neighborhood and, along with his coworkers, fashioned numerous farm implements including threshers, weeding machines, hoes, sickles and plows, and, loading them on a hand cart, took them out and gave them to the outlying farmers and returned home on foot.

It was one such day.

Intending to make more farm implements and send them out to the outlying farming communities, Comrade Yi Ki-su, sweating, had been digging up some metal buried in the ground when he heard someone comment that, since such metal was scattered about throughout the neighborhood, why was he exerting such effort to dig it up out of the ground.

Comrade Yi Ki-su responded, "We must rebuild the ironworks as well as make farm implements and send them off to the rural areas. If metal buried in the ground is of some assistance to the nation, then the effort should be made to dig it out." Comrade Yi Ki-su dug the ground with his hoe.

Behind him, other workers took up their spades and doggedly dug up the metal buried in the ground.

As the days went by, the patriotism and self-conscious attitude of Comrade Yi Ki-su caught the attention of the people.

One day, when the work of assembling the hopper was moving into its final stages, Comrade Yi Ki-su heard the joyful news of the birth of his first son.

Taking over some of his work, the cell chairman sat down beside him.

The cell chairman, who looked hard at Comrade Yi Ki-su, whose hands could not be cleansed of their oil stains, and asked if, since his first son had been born, shouldn't he quit work for that day and go home to see him.

In response, Comrade Yi Ki-su said, "At this point, nothing that I do is hard. It was a disaster to let the Japanese live for even a day. I have heard the happy news of my first son's birth, and it casts good fortune on my work. Right now I am a party member; there will be another day when I can hold the boy close to my heart."

That day, the party cell, brought to an understanding of the intense loyalty of Comrade Yi Ki-su, decided to entrust him with restoration of the sulphuric acid storage tank, which presented the most difficult problem in the equipment of the coking plant.

The tank, which had been carelessly left filled with sulphuric acid by the Japanese imperialists in their defeat, had to have layers of streaming acid stripped off and punctures sealed.

Comrade Yi Ki-su stepped without hesitation into the tank, which others had been afraid to approach.

Although in the tank for only a few minutes, Comrade Yi Ki-su was dazed by the toxic sulphuric acid gas; nevertheless, he caught his breath and went back in the tank a number of times, cleaned off the layer of acid, swept out the residue, and tightly plugged the punctures.

One day, as restoration of the sulphuric acid tank neared completion, Comrade Yi Ki-su lost consciousness, and severe sores appeared on both his hands, as a result of the sulphuric gas--something that he could have had no way of anticipating.

His comrades carried him outside and administered first aid on the spot.

Following the treatment, as his eyes opened, he asked, "Has the work stopped because of me?"

"Don't worry, the work goes on."

As he heard the sound of the caked acid being scraped off, he smiled with satisfaction and said, "Thank goodness!"

Comrade Yi Ki-su thought to himself that his comrades had taken on the work that he was supposed to do, and could remain lying down no longer.

His comrades advised him to get further medical treatment and rest, but Comrade Yi Ki-su, as if invulnerable, went back inside of the sulphuric acid tank--an act which brought tears to the eyes of those watching.

Indeed, Comrade Yi Ki-su never became exhausted nor overworked. He always put himself right where the most arduous or difficult work was.

On a day after the sulphuric acid tank had been restored and the hopper, which had been through trial runs, was back into full operation, Comrade Yi Ki-su proudly became a member of the Korean Workers Party as he had hoped and prayed.

As he headed home, in possession of his party membership card, his steps were light.

That day, as he took his son from his wife's bosom, he said, "Today I became a party member. As a result, it is the same as his children Ch'u-wol, Song-chuk and Ch'ung-kil being reborn as children of the party. If I live, I live for the Marshal and the party, and if I die, I devote my last breath for the Marshal and the party. I and these children so pledge."

Unable to sleep that night, Comrade Yi Ki-su turned over in his mind again and again his resolve to bring distinction to the honor of being a party member, whether he live a day or a long life.

The war started by the U.S. aggressors put a heavy burden on Comrade Yi Ki-su.

The party organization assigned Comrade Yi Ki-su, who had zealously begged to go to the front and take up arms to fight the U.S. imperialist enemy, with the difficult task of protecting the high-pressure gas tank from the bombs of enemy planes.

If he was unable to properly discharge this mission and the high-pressure gas tank was blown up by enemy planes, an unspeakable calamity would result.

Consequently, the party organization assigned this momentous and glorious task to none other than Comrade Yi Ki-su.

Comrade Yi Ki-su understood perfectly the responsibility that was involved in the task assigned to him. He also knew that, if necessary, he would have to unhesitatingly sacrifice his life.

"If the ironworks can be saved, give up your life!" Such was the pledge that he made to himself.

When the air raid siren sounded, the people protected themselves in shelters inside the area of the ironworks, but not so Comrade Yi Ki-su, who grabbed the vertical ladder installed in the distribution plant and climbed up to the high place where the valve controls were located.

From there he scowled at the approaching enemy planes. If one of them dived toward the high-pressure gas tank, he instantly opened the valve and let the pressurized gas escape.

It was one such tense day in September 1950.

A formation of enemy planes cut the sky over the ironworks and began pouring bombs helter-skelter on the area.

In an instant one could not see an inch in front due to the dense smoke, black dust and flying shrapnel.

In the midst of the air attack launched by the enemy planes, Comrade Yi Ki-su instantly headed for the place where the tank valve controls were located.

Then the shrieking sound of a bomb falling from the sky pierced his eardrums.

"Throw yourself down!" thundered Comrade Pak Ch'ang-to, the deputy plant chief, who had seen the enemy plane coming down.

There was an enormous explosion and the ground shook, and a black pillar boiled upward.

In the instant that he was covered with ash and flat on his face, not knowing when the gas tank would explode, he berated himself harshly, dazed and unable to take a step.

Through the flames in front of him he saw the enemy plane, and like a tiger rushed for the vertical ladder where the gas tank valve was located.

The intense bombing of the enemy planes was becoming even heavier.

There was no mistake that the enemy was intent on scattering the ironworks like so many leaves by blowing up the gas tank.

By turns, the enemy planes dived toward the gas tank. Machinegun fire hit to the left of Comrade Yi Ki-su as he reached for the valve.

The threat of explosion was down to minutes and seconds; the pressurized gas could no longer be contained in the tank.

If the valve was not opened and the gas released, there would be a terrible explosion. The enemy was watching for this moment, and pumped in bombs and machinegun fire.

Comrade Yi Ki-su had always carried out missions given by the party, no matter what was involved, so his only thought was that he must save the ironworks.

Comrade Yi Ki-su grasped the tightly shut valve and began to slowly turn it.

The bandit enemy aircraft swooped in even more crazily.

He grasped the valve handle hard and again turned it.

The densely compressed gas in the tank let off a shrill noise and began to rise into the sky like yellow smoke.

Comrade Yi Ki-su was overjoyed at the sight. If the ironworks was concealed by the smoke, the enemy planes would not be able to pick out any other targets.

Right then, however, there was the sound of machinegun fire and Comrade Yi Ki-su was hit in the chest with an enemy bullet.

He let loose of the valve handle that he had grasped. He slowly lost consciousness.

In front of his eyes floated the images of the workers who had restored the ironworks destroyed by the Japanese, who had forged the first piece of steel and who had given the report of their loyalty to the great marshal.

Were not the blast furnace and coking furnace built with blood and sweat! He saw clearly the day when the sulphuric acid tank had been restored and when the hopper was working again. That day, having been accepted for party membership, Comrade Yi Ki-su was resolved, with hand raised before the party members, to devote his life to the party, the leader, the fatherland and the people.

The time for redeeming that pledge made before the party was now.

Drifting in and out of consciousness, he gathered his last strength and opened the valve one turn, then two turns.

The smoke escaping from the tank enveloped the sky over the ironworks in a thick curtain. With the resolve of a 29 year old hopper operator and party member, Comrade Yi Ki-su, sacrificing his life to save the ironworks from the attack of enemy planes, the assault was turned aside, and, with the turn of a valve, the gas gave a hissing

sound and spurted up into the sky. Comrade Yi Ki-su heard the sound and closed his eyes. On his face, as he held the valve handle, appeared the smile of a combatant who has fulfilled the mission given by the party.

The deputy plant chief, Comrade Pak Ch'ang-to, who had witnessed Comrade Yi Ki-su being hit by the enemy bullet, came over.

He took hold of the ladder and climbed up, taking Yi, still clutching the valve handle, in his arms. "Comrade Xi-su, Comrade Ki-su...."

There was no answer.

Wasn't he one who knew that the party member is the first to plant himself, before anyone else, at the spot where the work is the most difficult and arduous?

Comrade Yi Ki-su--he had known that he might have to spend his youth or even his whole life if he was to reduce even a little the pain of the fatherland at a time of crisis.

Comrade Pak Ch'ang-to's heart was touched as he lay there in his arms.

With the noble sacrifice of one party member, he had seen just how a person should live his life.

Is there a more glorious or beautiful life than such a life in which the mission given by the party is carried out until completion, until one's eyes close for the last time?

Comrade Yi Ki-su found his destiny in the bosom of the great leader, and unendingly displayed the noble mein of the patriotic party member in even the most difficult of times.

With his unending love and devotion for the fatherland, he gave up his precious life, sacrificing his pulsing heart and the breath of his iron will.

The life of party member Comrade Yi Ki-su was of utmost value.

On 3 August 1957 the great leader, fully recognizing the glorious achievements made by Comrade Yi Ki-su, designated him as Hero of the Democratic People's Republic of Korea.

The children of Comrade Yi Ki-su have also flourished in the bosom of the great leader. His daughters, Comrades Yi Ch'u-wol and Yi Song-chuk, are carrying out responsible duties as party members, and Comrade Yi Ch'ong-kil, who graduated from college, works in an important revolutionary position.

Hero of the Republic Comrade Yi Ki-su died at the young age of 28 years.

Nevertheless, he engraved deeply within our hearts just what constitutes immortal life in the bosom of the great leader, and demonstrated what kind of person is a true patriot.

Those patriotic party members endlessly loyal to the great leader are immortalized in the bosom of the fatherland glorified by the glorious Party Center.

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